

VZCZCXYZ0004  
RR RUEHWEB

DE RUEHSG #0188/01 0391828  
ZNR UUUUU ZZH  
R 081826Z FEB 10  
FM AMEMBASSY SANTIAGO  
TO RUEHC/SECSTATE WASHDC 0849  
INFO RHEFDIA/DIA WASHINGTON DC  
RHMFISS/HQ USSOUTHCOM MIAMI FL  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RUEAIIA/CIA WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUEHAC/AMEMBASSY ASUNCION  
RUEHBO/AMEMBASSY BOGOTA  
RUEHBR/AMEMBASSY BRASILIA  
RUEHBU/AMEMBASSY BUENOS AIRES  
RUEHCV/AMEMBASSY CARACAS  
RUEHMN/AMEMBASSY MONTEVIDEO  
RUEHPE/AMEMBASSY LIMA  
RUEHQT/AMEMBASSY QUITO  
RUEHSG/AMEMBASSY SANTIAGO

UNCLAS SANTIAGO 000188

SIPDIS  
STATE FOR R/MR, I/PP, WHA/BSC, WHA/PDA, INR/IAA

E.O. 12958: N/A  
TAGS: [ECON](#) [KMDR](#) [KPAO](#) [PGOV](#) [PREL](#) [SNAR](#) [EFIN](#) [CI](#)  
SUBJECT: Santiago Feb. 6-8 Media Report

Lead

[¶1.](#) President-elect Sebastian Pi????era will announce his cabinet tomorrow at 6 p.m. (All dailies, 2/8).

Chile-U.S.

[¶2.](#) Asked about Chile's relation with the United States, Foreign Affairs Minister Mariano Fernandez said: "Relations between Chile and the United States have been excellent for some years now. An example of this is the Chile-California program... which gives bilateral ties a qualitative difference from the purely economic, commercial, and political approach to relations.... Before becoming president, Barack Obama already felt admiration for Bachelet... because of her life experiences and her ability to govern from such a special perspective.... There is ... an extraordinary chemistry between the U.S. President and Bachelet.... I hope that the (new) government of Chile maintains the same level of cooperation and understanding. But I note that there is a very personal relationship between Presidents Obama and Bachelet that goes beyond the good political and diplomatic relation that Chile has with the United States" (Government-owned, La Nacion, 2/8).

[¶3.](#) It is possible that Secretary of State Hillary Clinton will attend the presidential swearing-in ceremony in Valparaiso on March [¶11](#). Presidents Cristina Fernandez (Argentina), Fernando Lugo (Paraguay), Rafael Correa (Ecuador), and Lula da Silva (Brazil) have confirmed their attendance (La Tercera, 2/7).

[¶4.](#) The Environmental Protection Agency (EPA) said that "black liquor" does not qualify as a clean energy fuel and cannot, therefore, apply for subsidies from 2010 to 2012. "It was what we were hoping for," said Jose Campino, of Chile's s Wood Corporation, CORMA (Conservative, influential El Mercurio 2/6).

Defense

[¶5.](#) The International Institute for Strategic Studies "2010

Military Balance" report concludes with regard to Latin America: Military expenses are on the rise in spite of the economic crisis, border and energy issues are neutralizing diplomatic efforts, and cooperation efforts such as the recently created South American Defense Council have been unable to establish an institutional framework to provide a context for goodwill in the area of defense.

In 2006, the region spent 1.25% of its GDP in military expenses; in 2009 it was up to 1.35%. Colombia has the highest defense expense rate (2.4 %), while Brazil increased its expenses by 25% for 2009 compared to the previous year and spends 1.7% of its GDP. Colombia's determination to be militarily prepared is related to an eventual border conflict with Venezuela, and not just its fight against narcotics guerrillas. The agreement for U.S. military presence in Colombian military bases is perceived as part of a design that goes beyond Colombia's internal struggles. The United States is still fundamental for Colombia's preventive surveillance capabilities. In sum, the report confirms that military institutions in the region are increasingly isolated and cooperation has not moved forward as it has in the diplomatic arena. The arms race is unstoppable for now, as the United States chooses not to get involved in internal affairs or in stopping the military expansion. Its participation is restricted to Plan Colombia, Plan Merida, and SOUTHCOM activities related to narcotics trafficking (Alvaro Vargas Llosa article, conservative, independent La Tercera, 2/7).

#### Peru

16. Interview with Peruvian Foreign Minister Jose Antonio Garcia Belaunde: "When President Pi????era tells us that the topic of the (Peru's) maritime demand will be settled in The Hague and that we can unfreeze relations to move forward on other issues, our answer is that we are anxious do to this and that he can count on our most sincere support" (La Tercera, 2/7).

#### Haiti

17. 20 Chilean Carabineros policemen were deployed to Haiti at the request of United Nations to guard the 46 banks in Port-au-Prince and that are starting to operate (La Tercera, 2/7).

#### OAS

18. Foreign Minister Mariano Fernandez answers a question on the reelection of OAS secretary General Jose Miguel Insulza: "We have the necessary votes... Several have been made public, such as Mercosur, Dominican Republic, and Colombia; Then there are those who have given us their support and are confirming it in writing... but asked that their vote not be revealed until the day of the election" (La Nacion, 2/8).

19. OAS Secretary General Insulza is already in campaign for his reelection: "The least I expect is an evaluation of what has been done. ... It must be clearly said that we have acted with determination and in depth in cases of crisis," said Insulza (El Mercurio, 2/6).

#### Local Politics

10. Breakdown of a part of Pi????era's program:

- Social protection: A special bonus for March, creation of a Social Ministry, extension of postnatal period to six months;
- Employment: Fast reaction mechanisms to promote investment; subsidy to hire manual labor; creation of agencies to improve labor

environment for the most vulnerable sector of society;

-- Security: Bill that creates an electronic surveillance device for individuals accused of a crime; increase the number of policemen on the streets; pass the bill already in Congress that creates the Ministry of Interior and Citizen Security.

-- Education: Pass the bill already in Congress to create an entity that oversees education, create a mechanism for the appointment of headmasters to public schools (El Mercurio, 2/8).

¶11. In 2005, President-elect Pi????era bought full ownership of television station Chilevision. He has now decided to transfer all his shares to a non-profit foundation that will administrate his shares for as long as he is in office. The means that profits generated by the station and that are not reinvested in the station will go to charity. It also means that Pi????era will retain station ownership. Pi????era will name the foundation's board. The foundation's by-laws say that Pi????era can appoint or remove the president of the foundation at any given time and assume himself that office (La Tercera, 2/7).

¶12. Fulvio Rossi, president of the Socialist Party: "It's a scam and a way to keep ownership (of the station). Pi????era should have included the station in his blind trust." Jose Joaquin Brunner, former TV station board member: "This will not solve the future president's conflict of interests" (La Tercera, 2/8).

¶13. President Bachelet appointed General Cristian Le Dantec Joint Chief of Staff, in accordance to the recent law that reorganizes the Ministry of Defense (La Tercera, 2/6).  
URBAN